

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

(1) ADJUSTMENT OF RATES OF VALLEY)
GAS, INC., FOR AN INCREASE IN GAS)
RATES, AND (2) FOR APPROVAL TO) CASE NO. 9689
INCUR INDEBTEDNESS FOR CONSTRUCTION)
PURPOSES)

O R D E R

In its Order of April 8, 1987, in this case, the Commission permitted Valley Gas, Inc., ("Valley") to apply for an additional rate increase to recover the cost of liability insurance and to apply for recovery of the costs associated with Phase II construction. The application was to be filed within 6 months of the date of the Order and include documentation of the reasonable cost of the items. On May 28, 1987, Valley filed documentation to support the cost of \$2,219 of liability insurance coverage. At this time, Valley has not filed documentation of the costs of Phase II construction. The Commission is of the opinion that the \$2,219 of insurance cost was prudently incurred and it is fair and reasonable to adjust Valley's annual revenues to recover this cost.

SUMMARY

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that Valley's annual revenues should be increased by approximately \$2,219.

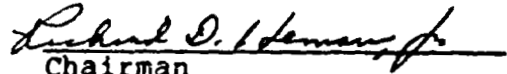
IT IS THEREFORE ORDERED that:

1. The rates in Appendix A are approved for service rendered by Valley on and after the date of this Order.

2. Within 30 days from the date of this Order, Valley shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 21st day of July, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9689 DATED 7/21/87

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

The following rates and charges include all changes in rates through those approved in Case No. 6902-Z.

RATES:

All Mcf	\$3.78 per Mcf
Customer Charge	\$3.00 per Month

The base rate for the future application of the purchased gas adjustment clause of Valley Gas, Inc., shall be:

Commodity

Texas Gas Transmission Corp.	\$2.9887 per Mcf
------------------------------	------------------